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COUNTRY PROGRAMMES AND MID-TERM REVIEWS

Mid-term review of the fourth country programme for Indonesia

Report of the Administrator

Summary

The present report is submitted in accordance with Governing Council decision 92/28 of 26 May 1992, in which the Council requested the Administrator to report on the mid-term reviews carried out in the years 1993-1995.

The mid-term review of the fourth country programme for Indonesia (1991-1994), conducted between January and June 1993, focused on such issues as programme relevance, effectiveness and impact, programme formulation and implementation as well as other issues of concern to the Governing Council. The present report summarizes the process, findings and conclusions of the review, and the extensive consultations that took place between the Government, UNDP, United Nations specialized agencies, non-governmental organizations, the private sectors and some bilateral donors.

The review reaffirmed decisions taken at the first country programme annual review (December 1991) to narrow the scattered range of programme activities and enhance its impact by reducing programme areas from 11 to 8 and winding down 50 stand-alone projects carried over from the previous programme, and those decisions taken at the second annual review (October 1992) to direct the remaining programmable resources to new projects in poverty alleviation and environmental protection and natural resources management programmes. These have effectively sharpened the focus of the programme.

The review concluded that, while improvement is needed to overcome some programme design weaknesses, the fourth country programme for Indonesia, at its mid point, remains valid and relevant to the country's development priorities.

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I. TIMING AND PARTICIPATION

1. The mid-term review (MTR) process of the fourth country programme for Indonesia (1991-1994) was undertaken between January and June 1993. Following initial consultations between the Government and the United Nations Development Programme (UNDP) on the overall framework, methodology and timetable for the MTR, a desk review was carried out by the UNDP Jakarta Office and analytical notes were prepared for each of the eight programme areas. These were used as inputs for the subsequent joint issues paper, prepared by the Government and UNDP, assisted by two consultants engaged by UNDP.

2. The joint issues paper, prepared to guide the MTR process, addressed substantive, management and coordination issues, as well as the effectiveness and impact of the country programme, and made suggestions for the future. In the preparation of the paper, extensive consultations took place with relevant government agencies, including the National Development Planning Agency, the Cabinet Secretariat, the Ministry of Foreign Affairs and sectoral ministries, UNDP staff, UNDP-supported project personnel, United Nations specialized agencies, non-governmental organizations (NGOs), the private sector and selected bilateral donors. The contents of the paper reflected these consultations as well as a review of a large volume of relevant documentation. Consultations continued throughout the MTR exercise, culminating in the final MTR meeting on 9 June 1993, in which representatives of the Government, UNDP and United Nations specialized agencies participated. A brief overview of the findings and recommendations of the joint issues paper and the MTR exercise are furnished in the following paragraphs.

II. PROGRAMME ACHIEVEMENTS TO DATE

A. Programme relevance and structure

3. The Government's development strategy in force when the fourth country programme was formulated has remained successfully on course and largely unchanged, as have mechanisms and programmes used to distribute the benefits of growth. In fact, steady progress in development has served to sharpen some of the challenges in such areas as poverty alleviation, the creation of productive employment, the enhancement of the quality of human resources, environmental protection and the sustainable utilization of natural resources, institutional reform and the decentralization of development activities. These are precisely the priority areas addressed by the country programme, which has thus clearly remained relevant to the Government's development priorities and needs.

4. Following concerns expressed in the Standing Committee for Programme Matters during the discussion on the fourth country programme at the thirty-eighth session of the Governing Council, the Government and UNDP have made considerable efforts in the past two years to streamline the country programme, to enhance its substantive focus and to increase overall programme coherence. Success has been achieved in this area as a result of several factors, including the following:

(a) The decision taken at the fist annual review meeting, held in December 1991, to reduce the number of programme areas from 11 to 8;

(b) The completion of more than 50 projects, many of them stand alone, carried over from the previous programme, which has served to reduce the sectoral spread;

(c) The decision taken at the second annual review meeting, held in October 1992, to use the remaining programme resources for the development of new projects mainly in two areas: poverty alleviation and environmental protection/natural resources management;

(d) Recent programme initiatives that have contributed to the development of new project clusters and the strengthening of existing clusters, thereby bringing about greater focus; and

(e) The formulation of several new projects, now at the pipeline stage, which have an upstream character and can be expected to strengthen the basis for more programme-oriented assistance in the future.

5. The fourth country programme is, therefore, effectively structured and focused.

B. Available resources and programme delivery

6. Compared to the $74.2 million originally anticipated for the fourth country programme, $65.4 million was available as of April 1993. The reduction resulted from the 75 per cent indicative planning figure (IPF) programming limitation. Of this amount, it is estimated that $35.3 million, or 54 per cent, of the total programmable resources has been delivered during the first two years. It should also be noted that 92 per cent of the total available resources have already been approved (see annex I).

C. Programme effectiveness and impact

7. A detailed evaluation of some 70 recently completed and ongoing projects indicates that well over two thirds of those reviewed could be considered as being either effective or very effective. Effectiveness has been defined mainly in terms of the successful generation of outputs and their subsequent utilization by government institutions and target beneficiaries. Some projects were seen to be less effective.

8. Several projects have resulted or will result in government decrees while some currently being implemented have provided valuable inputs for the preparation of the sixth five-year plan (1994-1998). This indicates that the country programme has generated outputs of national policy importance. While the programme is smaller than a number of other cooperation programmes in the country, efforts have been made to develop linkages with the programmes and projects of other donors as a way of increasing overall effectiveness and impact.

9. A summary of the assessment of programme effectiveness and impact by the eight programme areas of the fourth country programme is provided below.

Poverty alleviation

10. Poverty alleviation constitutes the single largest component of the fourth country programme in terms of UNDP resources allocated (including approved and pipeline projects). Poverty alleviation projects have a particularly wide coverage, but can be classified under four main headings: (a) income generation; (b) basic needs; (c) social welfare; and (d) NGO projects.

11. Notable achievements have been made under this programme with respect to various types of assistance at different levels. UNDP has been able to demonstrate that it is equipped to work effectively with the Government at supporting grass-roots level activities of direct benefit to low-income groups in both rural and urban areas. The direct and effective involvement of local NGOs and volunteers in technical cooperation activities has substantially contributed to the success of community-based approaches.

12. One of the striking features of poverty alleviation projects is the emphasis on the development of models and approaches on a pilot basis with a potential for replication elsewhere, either by the Government or other donors. Some of the models and approaches developed within the country programme are in fact being replicated by the Government as well as incorporated by other donors in their own activities.

13. While the main impacts of the projects have been most clearly felt at the local level, a few have been able to influence national policies. Recent programming initiatives should help to ensure that opportunities for influencing policies at the national level are enhanced.

14. An important measure of success was achieved in building both conceptual and operational linkages not only between projects within this programme but also with the activities of other donors. The poverty alleviation programme is thus more than a collection of standalone projects and the programme has sought to reach out to interact with the activities of other donors with the aim of increasing overall impact.

15. The following areas require attention to enhance further the effectiveness of poverty alleviation activities: application of the programme approach; improved coordination among government agencies; increased emphasis on institutional and social aspects; and attention to requirements for replication of pilot projects. As NGOs and government agencies become more familiar with one another's concerns and operational modalities, effective collaboration is being developed.

Non-oil export promotion

16. The fourth country programme inherited a wide range of projects under the non-oil export promotion programme, a large number of which have been completed. Those remaining are concerned with trade, tourism, and private sector promotion, which has contributed to the development of overall focus within the programme.

A programme-oriented approach was applied in this sector, which has enhanced the effectiveness of the assistance provided. While projects in trade and tourism sectors have, on the whole, had a high level of policy relevance and effectiveness, they have encountered some problems with capacity-building.

17. The assistance provided in the trade sector appears to have been effective; opportunities for increasing this effectiveness will be enhanced with the finalization by the Government of a national non-oil export trade programme, which is being prepared with UNDP support. This should establish a clear, policy-oriented framework for defining future assistance activities. In tourism, UNDP has acquired a special position thanks to its significant contribution over the years - it is the main donor in this field.

18. Particular difficulties have been faced in the design and implementation of projects aimed at providing direct support to the private sector. These difficulties, which are manifest in project design flaws and execution arrangements, may reflect a lack of certain experience by UNDP in this area. Future assistance will be provided in more indirect ways, e.g., for the creation of an enabling environment for private-sector activities.

Infrastructure development

19. The infrastructure development programme does not constitute a single programme with a high measure of internal consistency and cohesion, but is rather made up of several clusters of projects and several standalone projects. The main clusters are found to be in the areas of civil aviation, basic education, human resources development and disaster preparedness and management.

20. The civil aviation sector is one in which UNDP has a long history of involvement, and to which the Government has contributed a large amount of cost-sharing. Several of the projects under implementation have experienced some degree of implementation problems and many of their capacity-building objectives may not be achieved, in particular because of the lack of trained staff.

21. The projects under implementation in basic education have either achieved a large measure of effectiveness or carry a high potential for doing so. However, the projects for traditional human resources development in nursing and telecommunication have not fully lived up to initial hopes and expectations. UNDP has an active role in the field of disaster management in a country that is particularly prone to natural disasters. The assistance provided, which covers a decade, has many of the characteristics of programme-oriented assistance. The project on drug abuse prevention demonstrates that UNDP is able to work with community-based groups and NGOs and the models developed for the prevention of drug abuse appear to have a solid base for sustainable replication. The integrated urban infrastructure development support project has contributed significantly to capacity-building at the provincial level. In terms of replicability, the models, procedures and manuals that have been developed during this project have a high potential for application throughout the country.

Environmental protection and natural resources management

22. The fourth country programme started from a low base in terms of operational activities and agreements between the Government and UNDP on the assistance required in the field of environmental protection and natural resources management. This situation has to a large extent been rectified through a process of consultation which has resulted in several new activities on the verge of implementation. Some of these are significant in terms of their potential impact and scope for follow-up action. Such projects as post-United Nations Conference on Environment and Development (UNCED) planning, and environmental health also establish opportunities for a more programme-oriented approach to the future provision of technical cooperation, not only for UNDP but also other donors. Programming initiatives have made it possible to develop a modest cluster of environmental projects emphasizing policy development and programme management, with the potential that the overall impact will be increased. An essential feature of these various initiatives is also the incorporation of both community and public sector participation as implementation strategies. Important capacity-building aspects are also included.

23. The two projects currently under implementation in the areas of national water resources policy and marine pollution monitoring are achieving a large measure of effectiveness in terms of output production and utilization. Furthermore, environment as an issue is now being treated more effectively in the design of projects in other programme areas.

Managing development

24. Most of the projects in the managing development programme have responded to immediate government needs and, although several have displayed design weaknesses, have generally proved effective in terms of output generation and utilization. A number of these have been technical in nature, with a clear emphasis on the installation and application of computerized information systems. Being located in single institutions, they have contributed to capacity-building and can be expected to have a sustainable impact. However, inadequate attention has often been given to system maintenance requirements, which could endanger sustainability in the longer term. A few policy projects undertaken have generally received high-level support from the Government and have generated or are expected to generate outputs with a high degree of policy relevance. While those completed to date have been essentially standalone projects, with no clear internal linkages (although some do have relationships with the activities of other donors), a recent programming initiative should establish a basis for the future planning of UNDP cooperation in support of public sector and administrative reform.

Employment promotion

25. While national level projects have yielded useful outputs, progress in capacity-building in respect of employment planning has been limited. Field-based self-employment and micro-enterprise promotion projects have achieved effective results in developing models with a high potential for replication. Importantly, these models have demonstrated that it is possible to

involve NGOs, local training organizations and national volunteers in government employment creation programmes. Attention should now focus on the sustainability of project impact and replication.

26. Since employment is a multisectoral subject, the main challenges have been encountered in the areas of institutional coordination and capacity-building. Project design and formulation efforts have underestimated the complexities in this respect, often resulting in overly ambitious project documents.

Technology development

27. The technology development programme does not constitute a coherent programme but is rather a collection of standalone projects, the majority of which were carried over from the previous country programme. They cover a very wide range of topics - agriculture, industry, science and technology - with the application of science-based technology serving as the main common denominator. Individually, some of them have demonstrated a high level of effectiveness while others have been disappointing in terms of output generation and utilization and the attainment of capacity-building objectives. Although it is too early to assess their likely effectiveness, several ongoing projects are closely linked to government policies and priorities for the development of science and technology capacities.

Regional development

28. Relevant technical cooperation has been provided in support of the Government's decentralized development policies and initiatives. Notably, UNDP has channelled significant assistance over many years to the remote province of Irian Jaya through support to various activities. While not all these activities can be considered successful, the interest shown, especially at the provincial level, has been particularly marked. It was found that project design and execution modalities acquire a special importance in the outer provinces of Eastern Indonesia since inadequacies in both areas can contribute significantly to implementation delays. UNDP has been able to demonstrate that it is able to support grass-roots and participatory development projects in areas that are among the most remote and disadvantaged in Indonesia. However, this was at high cost and questions about the sustainability of project effects and impact still remain unanswered. Regional planning projects impose special requirements on institutional coordination mechanisms which cannot always be met. These appear to be more pronounced at the central than at the provincial and district levels. Through past, ongoing and planned regional development projects, direct and indirect linkages develop and form clusters, which help to establish a basis for future programming initiatives.

D. Special concerns of the Governing Council

Capacity-building

29. Capacity-building is a prominent feature of most of the programme and a specific objective of many projects in all eight of the programme areas. Tangible progress in capacity-building has been achieved, especially in areas in

which UNDP has a relatively long involvement. This is exemplified by the case of tourism, a sector which is accorded high priority by the Government and in which UNDP has traditionally been the main source of technical cooperation. On the whole, capacity-building has been most successful in strengthening institutional technical capacity. Significant impacts have also been achieved in some downstream capacity-building projects in the field of poverty alleviation, where technical assistance has contributed significantly to the formation of community-based organizations and grass-roots institutions. Success in capacity-building has also been more notable at the provincial level.

30. Recognizing capacity-building as a critical element for self-reliance, both the Government and UNDP will make concerted efforts to pursue this objective further. Special attention will be given to capacity-building during project design and formulation since past formulation missions were often excessively ambitious in their understanding of what can be achieved in relatively short periods and within the life span of individual projects. The Government will make greater efforts to provide suitably qualified staff whose absence has often hampered capacity-building efforts.

Human development

31. The active promotion of the concept of human development has been limited by the absence of an operational definition and clear programming guidelines. Nevertheless, the fourth country programme has arguably the greatest human development orientation of any programme in the long involvement of UNDP in Indonesia. A large share of programme resources have been allocated to activities aimed at improving the well-being and standards of living of poor groups, sometimes in some of the remotest and most disadvantaged regions of the country. The relationship with human development is therefore most clearly in evidence in the poverty alleviation and employment promotion programmes aimed at improving the quality of life. Many of these projects are proving effective in the formation of grass-roots organizations and the empowerment of community groups. The sustainability of their impact and potential replication are important aspects deserving attention.

Women in development

32. Various initiatives have been taken in the past two years to support the Government in integrating gender issues more effectively into the development process. While some projects have targeted women as the single beneficiary, with mixed results, many others, e.g., in water supply and sanitation, primary health care, and promotion of iron rich foods, have distinct gender components. The concern for women in development (WID) issues has been well reflected in many poverty alleviation projects. Considerable work has also been undertaken by various other agencies in the area of WID and in coordinating WID-related activities among them.

33. The Government has reaffirmed its commitment to promote the integration of women's issues into the national development process. It was recognized, however, that difficulties were encountered in making this commitment operational in concrete technical cooperation projects in gender-responsive development planning. In planning future activities, the importance of

evaluating past WID endeavours was highlighted. The Government and UNDP have just concluded a joint evaluation of the various income-generation projects targeted for women. Another relevant study recently conducted by the Government, UNDP and the International Labour Organization (ILO) is on comprehensive women's employment strategy. These studies are intended to serve as inputs for planning future activities.

HIV/AIDS

34. The Government has a strong and growing commitment to HIV/AIDS prevention and control; the National AIDS Programme has been assisted for some time by WHO/UNDP. At the request of the Government, UNDP is now assisting in the development of a national strategy and plan of action for combating HIV/AIDS, based upon the integration of sectoral plans. A UNDP-funded project involving collaboration with other donors and ongoing activities of NGOs and the private sector has been formulated accordingly and will be approved soon. Technical expertise available through the UNDP regional project on HIV/AIDS as well as through the WHO ongoing programme in Indonesia will be utilized and integrated into this project, which will enable UNDP to assist the Government in national policy formulation in a programmatic fashion.

Programme approach

35. Progress in the application of the programme approach has been slow because of uncertainties concerning the main requirements and operational modalities of the approach and the absence of clear programming guidelines. However, opportunities for its application have increased considerably as a consequence of recent programming initiatives in such areas as trade policies and planning, disaster management, human resources development for long-term sustainable development, HIV/AIDS, and self-employment and micro-enterprise development. The imminent issuance by UNDP headquarters of the operational guidelines for the programme approach should facilitate its application. Close consultations will be held between the Government and UNDP to operationalize this approach in the future.

National execution

36. Considerable progress has been made with the national execution of projects. As of April 1993, there were 29 nationally executed projects in the fourth country programme, constituting 28 per cent of the total approved budgets for the programme period. Moreover, the Government has expressed its readiness to execute 13 of the 20 pipeline projects. This constitutes 77 per cent of the total pipeline budget.

37. Further progress in this area is being facilitated by several supporting measures. Some government executing agencies are unfamiliar with UNDP rules and procedures for procurement, recruitment, subcontracting, reporting and accounting. To overcome this problem, UNDP and the Government have developed, with the assistance of the Asia and the Pacific Programme for Development Training and Communication Planning, a manual for the management of nationally executed projects. Short training courses are also conducted periodically to train government officials involved in nationally executed projects.

38. It was confirmed that the technical support services of United Nations specialized agencies (specifically through TSS-2) are crucial for maintaining the technical quality of nationally executed projects. Efforts will therefore be made to enhance the use of this facility.

39. Further consultations will take place between the Government and UNDP to consider the establishment of special institutional arrangements within the Government to support the expansion of national execution. The possibility of formulating a UNDP-financed programme in support of administrative and procurement services to nationally executed projects will also be examined.

Successor arrangements for agency support costs

40. A sound start has been made in putting into operation the complex system of technical support services (TSS-1 and TSS-2) and administrative and operational services (AOS). TSS-1 is being well utilized; the intended use of TSS-1 funding has been determined for the 1994-1995 biennium. While the use of TSS-2 has been modest, this facility is expected to be utilized more actively as an important instrument for ensuring the quality of nationally executed projects, as referred to in the preceding section.

Non-governmental organizations

41. The growth in the involvement of NGOs in a wide range of projects has been particularly striking and success in this area can be regarded as one of the principal achievements of the fourth country programme. In addition to securing the active participation of NGOs, especially in community and grass-roots projects in the area of poverty alleviation and self-employment, special NGO projects have also been initiated that are designed to facilitate cooperation among NGOs and between the NGO community, the private sector, the Government and UNDP. After initial problems, these projects are serving a number of useful purposes.

Technical cooperation among developing countries

42. Indonesia has a long history of support for South-South cooperation and has been an active proponent of technical cooperation among developing countries (TCDC). Two TCDC projects supported by UNDP have been successfully completed and a third one has just started. The effectiveness of the third phase will be enhanced still further by the elaboration of performance criteria and success indicators that would make it possible to measure more effectively the quantitative and qualitative impact of the project. The lessons learned through this third phase should prove valuable in the design of future TCDC activities.

United Nations Volunteers

43. The use of United Nations Volunteers (UNV) has proven to be an effective modality in the implementation of several projects in the fourth country programme. Both UNV specialists and UNV Domestic Development Services (DDS) field workers are being used. Over the years, Indonesian nationals have increasingly taken up positions traditionally filled by UNV specialists. Given the projected demand, the services of ten UNV specialists are expected to be

utilized during the next two years. Potential for the further expansion of the DDS programme in Indonesia is considerable. A UNDP-supported project has just been approved to field 20 UNV specialists/DDS field workers to some of the least developed areas in eastern Indonesia to implement village-based activities based on grass-roots participatory development approaches.

E. Aid coordination and mobilization

44. The Government maintains the primary responsibility for coordinating external assistance supported by the Consultative Group for Indonesia chaired by the World Bank. In accordance with the Government's wishes, the role of UNDP in aid coordination is confined mainly to the improvement of coordination of the activities among the United Nations system agencies. To this end, several inter-agency teams have been established, covering such issues as employment, environment, women in development, safe motherhood and urban slums, each of which has a designated United Nations specialized agency as facilitator. The main purpose underlying the formation of the teams is to ensure the more effective exchange of ideas on programmes and projects with a view to identifying the relative comparative advantages of the United Nations development system as well as opportunities for the preparation of joint situational analyses, co-financing and cost-sharing and, eventually, joint programming.

45. In this context, a country strategy note for the United Nations development system is to be prepared. It will be based on the Government's development policies, priorities and strategies as contained in the official Guidelines of State Policy, and the sixth five-year development plan for the period 1994-1998.

46. UNDP was able to play a particularly active and effective role in coordinating the relief efforts of foreign agencies in the aftermath of the Flores earthquake disaster in December 1992. Furthermore, several informal donor groups have also been formed which include not only United Nations specialized agencies but also representatives of bilateral and multilateral institutions as well as, in some cases, government representatives. These meetings, some of which are chaired by the UNDP Resident Representative/Resident Coordinator, have addressed such issues as disaster management, HIV/AIDS, population, water supply and sanitation, urban issues and decentralization policies.

47. Since the beginning of the fourth country programme, the Government has maintained that no further government cost-sharing will be forthcoming for resource mobilization, except under very special circumstances involving State-owned enterprises. UNDP has continued its active pursuit of resource mobilization by contacting significant present and potential bilateral and multilateral donors. These discussions have recently resulted in one concrete cost-sharing arrangement; other possibilities that have been identified are being actively explored.

III. OPERATIONAL ISSUES

A. Programme/project formulation and approval

48. Weaknesses have been identified in programme/project design which have led to extensive project revisions, sometimes entailing a reduction in the scope of activities, as well as project extensions. A major difficulty was faced in identifying qualified consultants to prepare good quality project designs and project documents. Typical features in poor design included: overly ambitious objectives and outputs; underestimation of the difficulties in the achievement of capacity and institution-building objectives; lack of insight into the socio-economic conditions of the target groups; unrealistic institutional arrangements; and inadequate coverage of UNDP advocacy issues such as women in development and environment. The following measures will be taken with a view to addressing this problem: greater involvement of concerned government agencies in the design stage of the programme/project; careful consideration and clarification of the specifics of the institutional arrangement; ensuring a more realistic time-frame for formulation through the increased use of preparatory assistance rather than short missions; and full utilization of the technical expertise and capacities of United Nations specialized agencies at the design and formulation stage.

49. While data on approved projects were not conclusive, pipeline data indicate a trend towards a smaller number of larger projects. Concerted efforts will be made by the Government and UNDP to move in this direction, facilitated by the programme approach.

B. Project implementation

50. The major difficulties encountered in project implementation included: identification of qualified experts and consultants; a lack of counterpart support both in terms of the availability of adequate counterpart staff and the Government's budget for the project; delay in the clearance of expert candidates; and intersectoral coordination. The Government and the United Nations system will make greater efforts to provide the necessary qualified project personnel. At the same time, various arrangements for ensuring effective transfer of know-how and capacity-building are being pursued. These include: the use of intermittent short visits by international consultants; increased use of national consultants; and twinning arrangements with suitable institutions thereby ensuring continued and systematic access to expertise and know-how. Greater attention will also be given by both the Government and UNDP at the project formulation stage to secure an adequate counterpart budget as well as its timely disbursement.

51. The Government has been aware of the continuing problem of delays in expert candidate clearance; this point was again noted during the MTR. In order to improve the situation, the Government revised the procedure for expert clearance in March 1993. It is expected that this will improve the situation.

52. Intersectoral coordination has been identified as one of the major implementation challenges. As there is a general move towards a multi-sectoral

approach to development, this issue needs to be given very careful consideration. UNDP will ensure that adequate importance is given to this issue.

53. The importance of monitoring and evaluation has been reaffirmed by both the Government and UNDP. The Government plans to strengthen its institutional arrangements for systematic monitoring and evaluation, both at the national, provincial and district levels. UNDP stands ready to assist the Government in this endeavour.

IV. ACTION PLAN FOR FOLLOW-UP

A. Programme implementation for the remainder of the fourth country programme

54. Taking into account approved budgets, expected additions and extensions to approved projects, and pipeline projects, only $4.2 million is available for programming new activities for the remainder of the fourth country programme. All pipeline projects will be reviewed immediately and new proposals considered to utilize the remaining funds. They will be used mainly for poverty alleviation and environmental protection and natural resources management, in line with the agreement reached at the second annual review meeting of the fourth country programme in October 1992. The two Government/UNDP working groups established for these two programme areas will meet within two months to discuss new programmes/projects to be supported with the remaining resources.

55. It was recognized that while tangible successes have been recorded, the question of replicability has never been subjected to serious assessment. Nearly one third of all ongoing and pipeline projects are of a pilot nature, and are concerned, either directly or indirectly, with the development of models and approaches with a potential for replication elsewhere, either by the Government or other donors. It was therefore agreed that the experience gained with replicability should be evaluated to derive lessons for future project design. Immediate action will be taken to carry out this evaluation.

56. In view of the success of past pre-investment technical cooperation, the Government confirmed that it wishes to continue using UNDP funds in this area. As mentioned above, consultations will also take place between the Government and UNDP to discuss specific measures to support the further expansion of the national execution modality.

B. Directions for the future

57. Preliminary discussion on the desirability of a substantive as well as a geographical focus for UNDP cooperation in the future was initiated, bearing in mind, however, that these are issues to be examined more extensively during the preparations for the fifth country programme. While the advantages of focusing substantively on fewer programme areas were recognized, both the Government and UNDP felt that flexibility should be left to support other important activities as well. About 15 per cent of the resources could perhaps be set aside for such

flexibility purposes and could cover upstream policy projects in which UNDP wishes to become more actively involved. The Government considers that relatively small UNDP support can yield valuable results in such early policy formulation and planning stages.

58. One of the observations made by the Government on the issue of geographical focus is that since many other donors are increasingly supporting various development activities in eastern Indonesia and other areas, there should be a careful assessment of whether it would be appropriate for UNDP also to concentrate its support in a specific geographical area. In considering the appropriateness of geographical focus, the type of project is an important element. For instance, upstream and policy projects would naturally be implemented at the national level. On the other hand, pilot and demonstration projects could be concentrated in a limited geographical area.

59. This issue and many others relating to the future will be discussed in more detail in the context of the formulation of the fifth country programme. This exercise will start during the latter part of 1993.

V. CONCLUSIONS AND RECOMMENDATIONS

60. A large number of conclusions and recommendations on a broad range of aspects of the fourth country programme are contained in the joint issues paper and in the present report. The following is a summary of the major conclusions and recommendations.

Conclusions

(a) The fourth country programme has remained relevant to the Government's development priorities and needs and is playing an important role in this context;

(b) Overall, the fourth country programme is effectively structured and focused;

(c) The projects are in general judged to have a very acceptable level of effectiveness in terms of output generation and utilization;

(d) While the country programme is smaller than a number of other cooperation programmes in the country, efforts have been made to develop linkages with the programmes and projects of other donors as a way of increasing overall effectiveness and impact;

(e) The special concerns of the Governing Council, including capacity-building, human development, women in development and HIV/AIDS, are well reflected in the fourth country programme. Although progress in the application of the programme approach has been limited, particularly as a result of the absence of universally applicable guidelines, opportunities for its application have increased considerably as a consequence of recent programming initiatives. Notable progress has been made in national execution. Additional supporting measures will be taken by the Government and UNDP to expand further

the use of national execution, with an enhanced use of the technical capabilities of the United Nations specialized agencies. Modalities such as TCDC, use of NGOs and UNV specialists have been extensively adopted with effective results;

(f) UNDP has, in line with the Government's wishes, played a useful role in aid coordination, mainly in improving the coordination of the activities among the United Nations specialized agencies. While opportunities for resource mobilization are limited, some possibilities are being actively pursued;

Recommendations

(g) It is recognized that operational issues, including project design weakness, identification of qualified experts, the lack of counterpart support, delay in the clearance of experts, and inadequate intersectoral coordination will be addressed in a concerted manner by both the Government and UNDP;

(h) Immediate action will be taken to review the pipeline projects and to programme the remaining resources. An evaluation will be undertaken of pilot projects and their replicability to derive lessons for future project design;

(i) Discussions on the desirability of a substantive and geographical focus for UNDP cooperation will take place in the context of the formulation of the fifth country programme.

61. The Government has reaffirmed the importance it attaches to UNDP as a key actor in technical cooperation in Indonesia, particularly in the present, crucial phase of the country's development.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. Resources available for country programme period

	$	$
IPF		50 833 548
Estimated cost-sharing		12 137 006
Joint programme funding		2 412 670
Total		65 383 224 a/

B. Commitments

Approved programme/project budgets b/		
Approved and allocated IPF	48 286 604	
Approved and unallocated IPF	1 390 149	
		49 676 753
Approved and allocated cost-sharing	12 137 006	
Approved and unallocated cost-sharing	-	
		12 137 006
Pipeline programmes/projects		
IPF	17 035 890	
Cost-sharing	-	
		17 035 890
Total		78 849 649

C. Balance of resources available for further programming

IPF	(13 466 425)
Cost-sharing	-
Balance of resources available	(13 466 425) c/

a/ Compared to the $74 197 407 originally anticipated for the fourth country programme; the reduction results from the 75 per cent IPF programming limitation.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau PAC for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or project which have yet to be reflected in specific budget lines.

c/ This figure represents the net balance of IPF and cost-sharing resources available plus joint programme funding less approved and allocated/ unallocated IPF and cost-sharing funding less pipeline IPF and cost-sharing.

II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION

(In United States dollars)

Area of concentration	IPF/JPF		Cost-sharing		Total		Percentage of total	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
Poverty alleviation	14 482 726	14 863 445	2 113 635	4 434 484	16 596 361	19 297 929	22.4	24.5
Non-oil exports	7 062 638	8 411 188	0	0	7 062 638	8 411 188	9.5	10.7
Infrastructure development	6 034 450	13 286 681	1 500 000	5 261 002	7 534 450	18 547 683	10.1	23.5
Environmental protection	3 727 754	5 304 663	0	0	3 727 754	5 304 663	5.0	6.7
Management development	7 055 309	6 066 838	2 654 868	40 208	9 710 177	6 107 046	13.1	7.8
Employment promotion	9 587 873	5 393 591	3 336 793	1 317 514	12 924 666	6 711 105	17.4	8.5
Technology development	5 992 456	5 062 638	1 932 420	0	7 924 876	5 062 638	10.7	6.4
Regional development	4 942 631	4 659 755	0	1 029 798	4 942 631	5 689 553	6.7	7.2
Others	0	3 663 844	0	54 000	0	3 717 844	0	4.7
Unprogrammed reserve	3 773 854				3 773 854		5.1	
TOTAL	62 659 691	66 712 643	11 537 716	12 137 006	74 197 407	78 849 649	100	100

Note: The original country programme included 11 multisectoral programmes for which a notional allocation was made. However, following the first annual review of the country programme in 1991, the Government and UNDP agreed to streamline the country programme to contain eight priority programme areas, following the concerns expressed in the Standing Committee for Programme Matters to achieve a more manageable concentration. As a result of this restructuring of the country programme, adjustments had to be made for the proposed figures (P columns) to enable a comparison. It should also be borne in mind that, subsequent to the approval of the country programme, a number of projects were recategorized into more appropriate programme areas.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	At start of country programme d/	At time of mid-term review
	$	$
UNDP-administered funds	232 046	2 581 776
Other United Nations resources	69 643 604	109 693 604
Non-United Nations resources	910 000	1 801 000
Total	70 785 650	114 076 380

d/ These figures did not appear in the fourth country programme document.